

EXHIBIT A-3

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2 JOY Y. STEPHENSON-LAWS, ESQ. (SBN 113755) Superior Court of CA,
3 RICHARD A. LOVICH, ESQ. (SBN 113472) County of Santa Clara
4 KARLENE J. ROGERS-ABERMAN, ESQ. (SBN 237883) 20CV362407
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11 STANFORD HEALTH CARE, a non-profit public benefit California
corporation

12 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
13 **FOR THE COUNTY OF SANTA CLARA**

14 **UNLIMITED JURISDICTION**

15 STANFORD HEALTH CARE, a
16 California non-profit public benefit
17 corporation,

Case No.: 20CV362407

18 Plaintiff, 1. BREACH OF ORAL
19 vs. 2. BREACH OF IMPLIED-IN-
20 BLUECROSS BLUESHIELD OF FACT CONTRACT;
21 SOUTH CAROLINA FOUNDATION, a 3. ESTOPPEL;
22 South Carolina corporation and DOES 1 4. *QUANTUM MERUIT*
23 THROUGH 25, INCLUSIVE, 5. COMMON COUNTS – GOODS
24 Defendants. AND SERVICES RENDERED.

PARTIES

1. Plaintiff Stanford Health Care ("Stanford Hospital") is a non-profit public benefit corporation organized and existing pursuant to the laws of the State of California. Stanford Hospital has its principal place of business in the community of Stanford, County of Santa Clara, State of California. Stanford Hospital provides medical care to patients.

2. Defendant BlueCross BlueShield of South Carolina Foundation, ("BCBS") is a corporation organized and existing pursuant to the laws of the State of South Carolina. BCBS has its principal place of business in Columbia, South Carolina. Among other things, BCBS sponsors and administers health plans.

3. Stanford Hospital is unaware of the true names and capacities, whether corporate, associate, individual, partnership, or otherwise of defendants Does 1 through 25, inclusive, and therefore sues such defendants by such fictitious names. Stanford Hospital will seek leave of the Court to amend this complaint to allege their true names and capacities when ascertained.

4. BCBS and Does 1 through 25, inclusive, shall be collectively referred to as "Defendants."

5. Defendants, and each of them, at all relevant times, have transacted business in the State of California. The violations alleged within this complaint have been and are being carried out in the State of California.

6. At all relevant times each of the Defendants, including the defendants named "Doe," was and is the agent, employee, employer, joint

1 venturer, representative, alter ego, subsidiary, and/or partner of one or more of the
2 other Defendants, and was, in performing the acts complained of herein, acting
3 within the scope of such agency, employment, joint venture, or partnership
4 authority, and/or is in some other way responsible for the acts of one or more of the
5 other Defendants.

6

7 **COMMON FACTUAL BACKGROUND**

8

9 7. BCBS owns and operates various health care service plans. As
10 such, in return for a prepaid or periodic charge (*i.e.*, monthly premiums) from its
11 subscribers/members/beneficiaries/enrollees of such plans (or their employers),
12 BCBS agreed to provide specific plan benefits to those individuals and their
13 enrolled dependents (collectively, "Members"). Among other things, BCBS
14 promised to undertake to arrange for the provision of health care services for those
15 Members, and to pay for and/or arrange to reimburse at least part of the cost for
16 those services.

17

18 8. As part of its enrollment process for its Members, BCBS issues
19 various documents to its Members which detail BCBS's express promises
20 regarding its duty to arrange and/or to pay for delivery of health care services to its
21 Members, as well as instructions to its Members on how best to obtain such
22 services from medical providers.

23

24 9. In its plan documents it gives to its Members, BCBS structures
25 its health care service plans in such a way as to actively encourage its Members to
26 use "Participating Providers" as much as possible, that is, medical providers who
27 had previously entered into written contracts with BCBS to render medical care to
28 BCBS's Members. Members benefit from such arrangements because BCBS sets

1 lower co-payment amounts and lower annual deductible thresholds when Members
2 choose care from Participating Providers rather than "Non-Participating
3 Providers." BCBS benefits from steering its Members to Participating Providers
4 because BCBS pays for such care at contractually discounted rates. Participating
5 Providers benefit from such arrangements (even though they contractually agreed
6 to accept payment at discounted rates) because BCBS steering Members to those
7 providers means a greater volume of work for Participating Providers and because
8 BCBS represents a far more reliable source for prompt payment of medical bills
9 than an ordinary patient coming to a hospital without health care coverage.

10

11 10. At all relevant times, a patient with initials L.M. ("Patient
12 L.M.") was an individual enrollee of BCBS's health plan.¹ On or about November
13 17, 2017, one or more employees and/or agents of BCBS verified Patient L.M. was
14 enrolled in BCBS's health plan and authorized treatment (authorization number:
15 1731415560487). Stanford Hospital rendered medically necessary care to Patient
16 L.M. from December 8 to December 12, 2017.

17

18 11. Stanford Hospital's usual and customary total billed charges for
19 rendering the medical care to Patient L.M. from December 8 to December 12, 2017
20 amounted to \$361,321.86.

21

22 12. BCBS refused and failed to pay Stanford Hospital for the
23 authorized medical care rendered to Patient L.M. pursuant to the authorization and
24 representations made by BCBS, despite demands thereof. The amount owed for
25 the care rendered to Patient L.M. totals \$361,321.86 (the "Amount Owed").

26

27 ¹ Stanford Hospital has limited the disclosure of patient identification information here pursuant to the privacy
28 provisions of the federal Health Insurance Portability & Accountability Act ("HIPAA"), 42 U.S.C. §§ 1320(d) *et
seq.*, and the California Constitution, art. 1, § 1.

1 13. Stanford Hospital has now exhausted all available
2 administrative remedies to appeal BCBS's refusal to reimburse Stanford Hospital
3 for the medical care rendered to Patient L.M.

4

5

6 **FIRST CAUSE OF ACTION**

7 *(Breach of Oral Contract)*
8 (Against defendant BCBS
9 and/or including Does 1 through 25, inclusive)

10

11 14. Stanford Hospital incorporates by reference and re-alleges
12 paragraphs 1 through 13 here as though set forth in full.

13

14 15. On or November 17, 2017, Stanford Hospital contacted BCBS
15 and spoke with BCBS's representatives to verify Patient L.M.'s eligibility under
16 the BCBS health plan and to confirm that BCBS would pay for the medical
17 services provided. In response, BCBS's agent orally represented that: i) Patient
18 L.M. was an eligible BCBS beneficiary; ii) Stanford Hospital was authorized to
19 render medically necessary services to Patient L.M. (authorization number:
20 1731415560487); and iii) based on the authorizations, Stanford Hospital would be
21 reimbursed for the medical services provided to Patient L.M. Stanford Hospital
22 promised to provide, and did provide, medical services to Patient L.M. Based
23 upon such promises, Stanford Hospital and BCBS entered into an oral contract
24 regarding the rendering of medical care and payment for medical care to be
25 rendered to Patient L.M.

26

27 16. Stanford Hospital has performed all conditions required by it
28 on its part to be performed in accordance with the terms and conditions of the oral

1 contracts.

2

3 17. BCBS breached the oral contract by failing to pay Stanford

4 Hospital the Amount Owed for the medical care given to Patient L.M.

5

6 18. As a result of the breach by BCBS, Stanford Hospital has

7 suffered damages in an amount totaling at least \$361,321.86.

8

9 **SECOND CAUSE OF ACTION**

10 (Breach of Implied-In-Fact Contract)

11 (Against defendant BCBS

12 and/or including Does 1 through 25, inclusive)

13

14 19. Stanford Hospital incorporates by reference and re-alleges

15 paragraphs 1 through 18 here as though set forth in full.

16

17 20. Stanford Hospital and BCBS, through their respective conduct

18 of authorizing and rendering medical services for Patient L.M., evidenced assent

19 to enter into an agreement concerning the provision of medical services and the

20 payment for the provision of said services.

21

22 21. In providing authorized medical treatment to Patient L.M., a

23 beneficiary of BCBS's health plan, Stanford Hospital has fully satisfied all

24 conditions required on its part to be performed in accordance with the terms and

25 conditions of that implied-in-fact contract. Stanford Hospital reasonably relied

26 on BCBS's promises and conduct to pay for medical services and continued

27 treating Patient L.M. in reliance on those promises and upon such conduct.

1 22. BCBS breached that implied-in-fact contract by underpaying
2 Stanford Hospital for the medical services rendered to Patient L.M.

3
4 23. As a result of the breach by BCBS, Stanford Hospital has
5 suffered damages in an amount totaling at least \$361,321.86.

6
7 **THIRD CAUSE OF ACTION**

8 (Estoppel)

9 (Against defendants BCBS

10 and/or including Does 1 through 25, inclusive)

11
12 24. Stanford Hospital incorporates herein by this reference and re-
13 alleges paragraphs 1 through 23 as though set forth in full.

14
15 25. When promising, assuring, and representing to Stanford
16 Hospital that Patient L.M. had a policy of health insurance that would pay Stanford
17 Hospital for the services rendered, and when authorizing the services provided to
18 Patient L.M., BCBS and/or its agents knew, or should have known, that Stanford
19 Hospital would be induced to rely on BCBS and/or its agent(s)'s promises,
20 assurances, and representations.

21
22 26. Stanford Hospital reasonably and justifiably relied upon such
23 representations and assurances in providing the services.

24
25 27. As a direct and proximate cause of their conduct, BCBS should
26 be estopped from denying Stanford Hospital's request for reimbursement in the
27 sum of \$361,321.86.

FOURTH CAUSE OF ACTION

(*Quantum Meruit*)

(Against defendant BCBS

and/or including Does 1 through 25, inclusive)

28. Stanford Hospital incorporates herein by this reference and re-alleges paragraphs 1 through 27 as though set forth in full.

9 29. During the period of time from November 17, 2017 to
10 December 12, 2017, inclusive, by its words and/or conduct, BCBS requested that
11 Stanford Hospital provide Patient L.M. with medical services.

13 30. Acting pursuant to BCBS's express request, Stanford Hospital
14 provided medical services to Patient L.M.

16 31. Stanford Hospital's rendering of medical services to Patient
17 L.M. was intended to, and did, benefit Patient L.M., who was an enrollee of
18 BCBS's health plan, and therefore benefited BCBS.

20 32. For rendering the medical services upon the express request and
21 authorization of BCBS, Stanford Hospital expected full payment from BCBS for
22 its usual and customary value of \$361,321.86, but to date, BCBS failed to make
23 any payment.

25 33. As a direct and proximate result of the aforementioned conduct
26 by BCBS, Stanford Hospital has suffered damages in the sum of \$361,321.86,
27 which sum represents Stanford Hospital's usual and customary total billed charges
28 for such care.

FIFTH CAUSE OF ACTION

(COMMON COUNTS – GOODS AND SERVICES RENDERED)

(Against defendant BCBS)

and/or including Does 1 through 25, inclusive)

34. Stanford Hospital incorporate by reference and re-alleges paragraphs 1 through 33 here as though set forth in full.

9 35. Through custom and practice, Stanford Hospital and BCBS
10 impliedly agreed and understood that Stanford Hospital would render medical care
11 to BCBS enrollee Patient L.M., submit bills for such care to BCBS, and that BCBS
12 would pay Stanford Hospital for the medical treatment rendered to Patient L.M.

14 36. BCBS *expressly* authorized and instructed Stanford Hospital to
15 render medical services to Patient L.M.

17 37. Stanford Hospital provided medical services to Patient L.M.,
18 who at the time was a Member of BCBS's health benefits plan.

20 38. Stanford Hospital has demanded that BCBS pay the amount
21 owing, but BCBS has failed and refused, and continues to fail and refuse, to pay
22 the amount owing.

24 39. The value of the medically necessary services, supplies, and/or
25 equipment provided by Stanford Hospital is \$361,321.86, exclusive of interest.

PRAAYER FOR RELIEF

WHEREFORE, Stanford Hospital prays for judgment as follows:

For the First, Second, Third, Fourth, and Fifth Causes of Action:

1. for the principal sum of \$361,321.86;
2. for interest on such principal sum at the rate of fifteen percent annum, pursuant to Cal. Health & Safety Code § 1371; or, in the alternative, for interest on such principal sum at the rate of 10% per annum, Cal. Civ. Code § 3289;
3. for all costs of suit incurred herein; and,
4. for such other and further relief as the Court deems just and

Dated: January 22, 2020

LAW OFFICES OF STEPHENSON,
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STANFORD HEALTH CARE, a non-profit
public benefit California corporation